

**NAVAL POSTGRADUATE SCHOOL
Monterey, California**



THESIS

**FUNCTIONAL COMPARISON OF THE NAVAL
POSTGRADUATE SCHOOL AND NAVAL SUPPORT
ACTIVITY, MONTEREY BAY**

by

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and
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June 1999

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NAVAL POSTGRADUATE SCHOOL
AND
NAVAL SUPPORT ACTIVITY, MONTEREY BAY**

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ABSTRACT

In this era of scarce resources and intensified interest in reducing governmental spending, organizations such as Naval Postgraduate School (NPS) and Naval Support Activity, Monterey Bay (NSAMB) find themselves under heavy scrutiny to ensure they are managing their commands at the utmost level of efficiency. This study provides a "snapshot" of the functions, structures, costs, resources, and cost saving methods in place for these two co-existing commands in FY98 as a source of information for future benchmarking studies. By examining command flow diagrams, budgetary documents, and manpower listings, and conducting interviews with NPS and NSAMB personnel employed in these areas, the data acquired for this thesis have been molded into a document that provides a baseline for past and future year comparisons. As a result of data comparison, a co-dependent, vertical relationship between NPS and NSAMB was discovered. Functional redundancies in areas such as administration, resource management, and computer support were also identified.

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L. INTRODUCTION

A. BACKGROUND

In this era of scarce resources and intensified interest in reducing government spending, public organizations are more aware than ever of the possibility that funding within their organizations will be drastically reduced.

The only constant in today's Department of Defense (DOD) budgeting process is that each agency is being asked to streamline its operation by pursuing as many cost cutting measures as possible. When such measures are not taken voluntarily, Congress is forcing the issue through overall budget cuts. (Desbrow, 1998)

As Congress continues to cut discretionary spending, NPS and NSAMB must both find ways to work with those cuts and more efficiently conduct their missions. A description of the functions, structure and resource allocation of these co-existing commands will provide a baseline for evaluating specific areas where potential cost savings can be realized in the future.

B. OBJECTIVE

The first objective of this thesis is to provide a snapshot of the functions, structure and costs associated with operating NPS in FY98. This snapshot will include the costs associated with academic functions and those associated with student support. Support functions are primarily provided by NSAMB. As information about costs is not readily available to senior leadership in any one centralized location, this thesis will provide a readily accessible source of such information.

The secondary objective of this thesis is to indicate patterns of personnel assignments that may offer a potential for cost savings. This will be accomplished by comparing personnel databases from both NPS and NSAMB. In-depth analysis of this data is beyond the scope of this thesis but is highlighted to suggest areas for further research into potential cost savings.

The third objective of this thesis is to provide current information regarding efforts presently underway to reduce costs or realize savings within the NPS and NSAMB organizations.

Using this data, NPS and NSAMB will be able to perform internal and external benchmarking studies for continuous improvement.

C. RESEARCH QUESTIONS

1. Primary

- a) What are the functions, structures, and costs associated with NPS and NSAMB?*
- b) How are monetary and human resources distributed between NPS and NSAMB?*

2. Secondary

- a) How many personnel within NPS and NSAMB are assigned to the same job series?*
- b) What methods for realizing cost savings or reducing costs are currently underway within the NPS and NSAMB organizations?*

D. SCOPE OF THESIS

This thesis provides an overview of the NPS operations in FY98. It includes (a) NPS's history and the concerns leading to NSAMB's activation, (b) an illustration of the resources and responsibility distributions between the two commands, and (c) a description of alternative methods for reducing costs in progress at NPS and NSAMB.

E. METHODOLOGY

The methodology for this research includes the following steps: (1) reviewing pertinent literature, (2) collecting data from both NPS and NSAMB, (3) interviewing resource managers and faculty, (4) functionally comparing the data, and (5) suggesting criteria for reducing costs. The following is a brief explanation of methodology:

(1) Literature: Literature regarding command histories and the justification for establishing NSAMB was reviewed. Publications describing methods to reduce costs in various public organizations were also reviewed. The literature was used to explain the separation of the two commands and to offer the best suggestions for cost savings, respectively.

(2) Data: FY98 budgetary data were collected from both NPS and NSAMB; including both funding and obligations. Additional data included descriptions of the organizations' structures, the functions associated with these structures and the overall funding provided to each command.

(3) Interviews: Resource managers in both commands were interviewed to ensure quantitative data were properly interpreted.

(4) Functional Comparison: Data from the two commands were analyzed using a compare/contrast approach.

(5) Criteria for Realization of Cost Savings: Cost reduction and saving methods and suggested areas for further studies are provided.

F. ORGANIZATION

Chapter II provides the histories, structures and missions of both NPS and NSAMB. This information is especially noteworthy as it lays the groundwork for the intended separation of functions between the two commands.

Chapter III describes the allocation of resources within each command. This chapter includes a description of the process of gathering the resource allocation data, as well as a summary of the allocation and flow of monetary resources and location of personnel.

Chapter IV compares NPS data to NSAMB data in the areas of functions, monetary distribution and human resources. This chapter suggests performance metrics for use in future benchmarking studies.

Chapter V describes cost saving alternatives for conserving scarce resources within the military's infrastructure, and describes current NPS and NSAMB efforts.

Chapter VI presents general conclusions and recommendations regarding the structures of the two commands and the functions and costs associated with operating NPS and NSAMB.

G. BENEFITS OF THESIS

In this thesis we intend to provide a baseline of information for future analysis of the structure, functions and costs associated with operating NPS and NSAMB. The information can be accessed to reevaluate cost drivers for assessing reimbursable services or in preparing for future commercialization efforts and benchmarking studies.

Finally, as NPS continues its efforts to reduce costs, this document will serve as a quick reference for managers to establish benchmarks and investigate areas where potential cost savings may be realized.

II. HISTORY, COMMAND STRUCTURE AND MISSION

A. NPS

1. History

On June 9, 1909, the Secretary of the Navy, George von L. Meyer, signed General Order No. 27, establishing the Postgraduate Department as a school of marine engineering at the U.S. Naval Academy. The small program, dedicated to the advanced education of commissioned officers, consisted of ten officers and three faculty. In 1919, although still operated under the Superintendent of the Naval Academy, it was renamed the Naval Postgraduate School. By 1945, the school had gained sufficient credibility and formal performance criteria to become a fully accredited degree-granting graduate institution. Two years later, Congress authorized the Navy to purchase an independent campus for the school, make it a separate activity under its own Superintendent, create the office of the Academic Dean, and grant the Superintendent the authority to award bachelors, masters and doctorate degrees. In 1951, the Naval Postgraduate School moved to Monterey.

(NPS, February 1999)

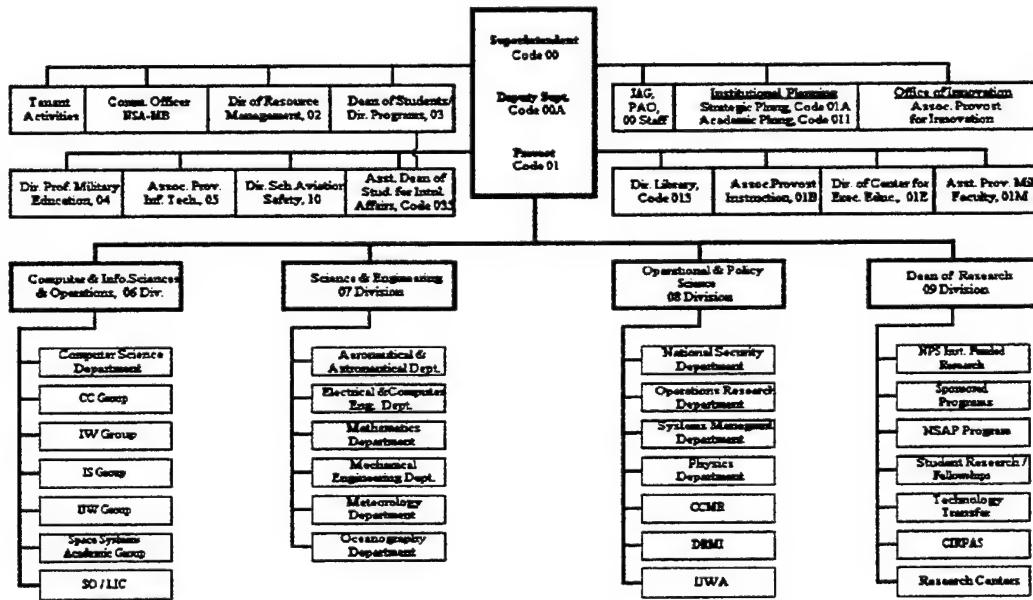
Today, the school provides on-site education to approximately 1400 students from all U.S. services and 47 foreign countries. Sixty-five percent of the student body is Navy and Marine Corps officers, 23 percent is other U.S. services and the remaining 12 percent are international officers. The civilian and military faculty numbers 422 (Reilly, 25 February 1999). The school provides education in over 40 curricula uniquely and specifically tailored to the scientific, engineering, operational, and administrative

knowledge required to meet DOD's present and projected professional needs. NPS also acts as a liaison and tuition provider for military students attending civilian institutions and conducts research for which it receives funding. In addition, NPS plays host to 21 tenant commands. These commands are listed in Appendix A. (NPS, February 1999)

The school's infrastructure is a blended university administrative structure and a military organization. There is a chain of command with a two-star Admiral as the Superintendent, similar to a university president. The Provost is an academician who is a civilian government employee. NPS is further divided into academic divisions, departments, and offices for special assistants.

2. Command Structure

The FY98 command structure of NPS is provided below in Figure 2-1.



(NPS, 1999)

Figure 2-1 NPS Organizational Chart

3. Mission

NPS's stated mission is to "increase the combat effectiveness of U.S. and Allied armed forces and enhance the security of the U.S. through advanced education and research programs focused on the technical, analytical, and managerial tools needed to confront defense-related challenges" (NPS, February 1999). To achieve its mission, NPS receives funding from the Chief of Naval Operations via the Field Support Activity (FSA). Additional funds are received from faculty reimbursable research and other DOD activities for services NPS provides on a reimbursable basis. Other small sums received by NPS are discussed in Chapter III.

B. NSAMB

1. History

Figure 2-1 shows that NSAMB is part of the NPS structure, a command that reports to the Superintendent. Prior to 1996, NSAMB was a formal department of NPS, 04, the Military Operations Department. This department handled support and logistic issues for the school. In 1996, NPS Superintendent, RADM Marsha Evans, proposed and subsequently gained approval for separating 04 into its own command, the Naval Support Activity, Monterey Bay.

Reasoning behind this decision was to relieve the NPS Superintendent of immediate base operations involvement allowing appropriate focus on the primary mission of graduate and professional education. In the years prior, NPS facilities had expanded to include two new academic buildings, an expanded library, and a new Child Development

Center. In addition, due to the Army base closures and realignments, NPS gained responsibility for maintenance and support of housing at Fort Ord and the Defense Language Institute campus. This resulted in the doubling of the NPS Public Works workforce. The growth in base operations increased the scope of the responsibility for the NPS Superintendent. Creating NSAMB allowed for a sole entity to be responsible for these base operating functions. Additionally, a by-product of this separation was the clear delineation of “mission” from “non-mission” costs. Appendix B is the facts and justification (F&J) letter enumerating the merits of creating this support activity.

Creating NSAMB allowed the Superintendent to focus primarily on graduate education. However, one of the consequences was the reduction of the Superintendent’s control over the base support aspects of this educational mission. Nevertheless, by maintaining a single funding stream, NPS remains involved in how NSAMB performs its base operation functions. This issue will be expounded upon in future chapters.

NSAMB has its own chain of command with a Navy Captain as its Commanding Officer. NSAMB is considered the Facilities Commander (or “landlord”) for NPS and an array of other tenant commands.

2. Command Structure

NSAMB's structure is indicated in Figure 2-2.

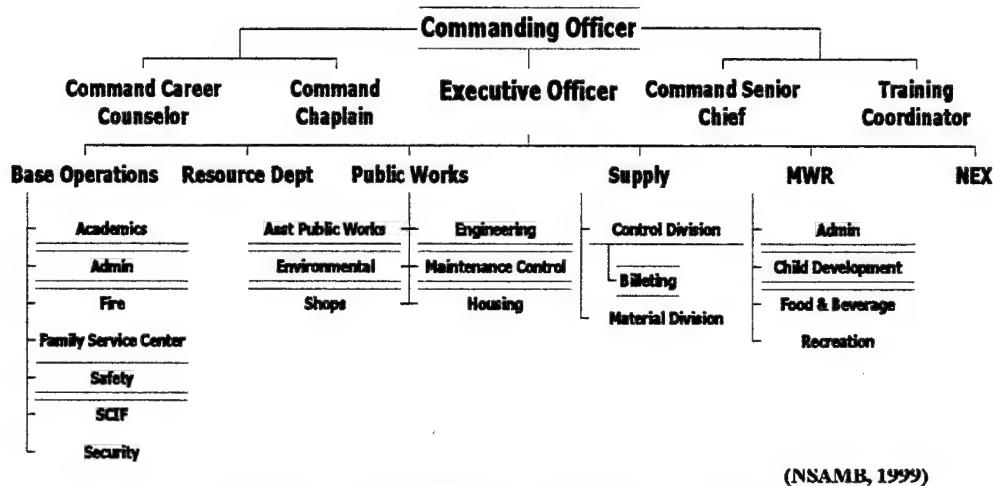


Figure 2-2 NSAMB Organizational Chart

3. Mission

NSAMB's mission is "to support the mission of the Naval Postgraduate School and other selected area commands by providing administrative, quality of life and installations management support and performing such other functions and tasks as may be directed by higher authority" (NSAMB, 1999).

NSAMB receives a majority of its funding as a subordinate command to NPS. In addition, NSAMB receives funding on a reimbursable basis from tenant commands on and off the NPS campus, as well as through direct appropriations for issues concerning quality of life through allocated funding and to support military housing. NPS also forwards funds to NSAMB for base support, such as classroom maintenance, and to support international students and their families. Specific information regarding funding for NPS and NSAMB follows in Chapter III.

III. RESOURCE ALLOCATION

A. INTRODUCTION

The Director of Training and Doctrine (N7) is the resource sponsor responsible for planning and programming funds for NPS. As such, N7 is responsible for maintaining an effective and balanced budget program within assigned fiscal controls. Upon approval of the fiscal year budget by the President, N7 then turns the responsibility for executing the budget over to FSA that provides an operating budget (direct funds) to NPS. (Reilly, 25 February 1999)

NPS receives its operating budget into the one and only accounting unit identification code (UIC) for all academic, base operating (OBOS) and maintenance of real property (MRP) support. These dollars are distributed to three subactivity groups (SAGs). Funds are allotted to these SAGs for specific purposes and should not be used for any other intent, but can be reprogrammed by the Superintendent. The three SAGs (and their respective codes) under the NPS umbrella are academic support (3K), OBOS (5K), and MRP (6K). (Reilly, 25 February 1999)

Between FY96 and FY98 OBOS and MRP funds were allotted first to NPS and then distributed by NPS to NSAMB since it performed the majority of these base support services. This allowed a "paperless" transfer of funds back and forth between the two commands. In 1999, NSAMB acquired its own subhead under the NPS UIC, allowing money to be earmarked exclusively for NSAMB (Reilly, 25 February 1999). This is important because it creates a paper trail for any transfer of funds into or out of NSAMB.

B. NPS MONETARY RESOURCES

Of the direct funding NPS is allotted, it retains all of the funding in the academic support category and a small portion of the funds in the OBOS category. In addition, NPS's operating budget also includes funds that are appropriated for specific programs. For the purpose of this thesis, these funds are defined as "fenced." NPS likewise receives revenue for a variety of reimbursable services performed for other commands and for foreign military training (FMT), non-Navy, and DOD civilian student tuition. Figure 3-1 indicates the total FY98 funds supporting NPS's academic mission.

NPS FY98 FUNDING SOURCES (Total = \$121,708,985)

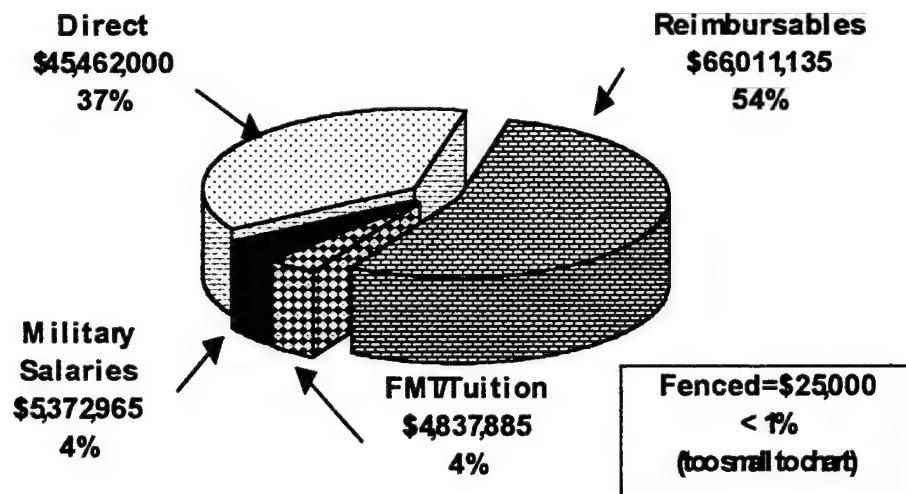


Figure 3-1 NPS FY98 Funding Sources

1. Direct Funding

Direct funding comprises 37 percent of the NPS operating budget, as indicated in Figure 3-1. The 3K funds, authorized for sole use by NPS, provide for a portion of

faculty and staff salaries, travel expenses, administrative expenditures (OPTAR) and other support of the academic mission. The retained 5K is used for staff functions with respect to base support. Table 3-1 indicates how these funds were spent in FY98.

NPS FY98 3K & 5K Expenditures (Figures in thousands)

<u>Category</u>	<u>3K</u>	<u>5K</u>
Labor	\$30,820	\$2,444
Travel	\$ 772	\$ 4
Supplies /Equipment	\$ 197	\$ 16
Printing/Publications	\$ 521	
Non-travel Transportation/ Shipping	\$ 135	
Admin Support/Civilian Institutions	\$10,402	\$ 151
TOTALS	\$42,847	\$2,615

Source: FY98 Certified Budget

Table 3-1 NPS FY98 3K & 5K Expenditures

2. Reimbursables

Reimbursables refers to those funds which are paid to NPS by other DOD and non-DOD activities for services that NPS provides. Research performed by NPS for external activities is funded through reimbursables. From 1985 to 1991, the Navy experimented with funding Navy Research through direct funding dollars. In 1991, NPS regained authority to accept Navy reimbursable funding. Furthermore, NPS re-instituted indirect cost recovery in FY95. A provisional rate of 22 percent was set; subsequently a 23 percent rate was established by a survey conducted that same year (NPS, March 1999).

In FY98, 46 percent of the operating funds came from authorized reimbursables (Cartwright, 1999). Research performed for Navy and other DOD agencies, the largest single source of revenue for NPS, amounted to more than \$31.8 M. This is slightly more than 48 percent of the total authorized reimbursable revenue. The remainder of the reimbursable funds came from myriad government activities that NPS supports. Those activities and the authorized reimbursable amounts are indicated in Table 3-2. These amounts are the funds other activities were authorized to pay NPS for reimbursable services in FY98. As of the end of FY98, only \$59,234,000 had been obligated. The difference in authorized funds and obligated funds at the end of the year is returned to the originating activities, with the exception of funds that have been obligated but not expended under project orders. Originating activities maintain the returned funds in an expired account for five years.

NPS Revenue from Authorized Reimbursable Accounts in FY98

(Figures are rounded and in thousands)

Navy Research	\$18,285
DOD Research	\$13,598
Naval Center for Acquisition and Training	\$13,978
Tenant Commands	\$ 7,370
Institute for Defense Education & Analysis	\$ 5,929
Student Support	\$ 3,986
Defense Resource Management Institute	\$ 2,856
TOTAL	\$66,012

Cartwright, 1999

Table 3-2 NPS FY98 Reimbursable Accounts

3. Fenced

The only area where funds were fenced in FY98 for NPS was in Public Affairs. NPS acts as the accountant for the Public Affairs Department and keeps a checkbook on the \$25K it received in FY98. The funds can only be spent on Public Affairs Officer functions.

4. FMT/Tuition

Approximately \$4.8M was used by NPS for FMT and tuition in FY98. Of these two categories, FMT is considered an "unfunded" reimbursable, meaning it is paid after the services are guaranteed. The number of international students that NPS instructs generates FMT revenue. Rates for tuition are based on U.S. foreign policy and are recalculated by NPS and Naval Education and Training Security Assistance Field Activity every three years. (Reilly, 2 March 1999)

Correspondingly, "tuition" in Figure 3-1 refers to income from activities sponsoring non-naval officers and DOD civilians who attend NPS. These rates are developed internally by NPS based on average class size, course load and an applied rate of overhead costs. (Reilly, 2 March 1999)

5. Military Salaries

NPS and NSAMB are not funded directly for military salaries. They are part of the Manpower and Personnel, Navy (MPN) appropriation and are accounted for at the Navy Comptroller level. Since military personnel are assigned to NPS and NSAMB, the authors of this thesis included them in the operational costs for both commands.

C. NPS HUMAN RESOURCES

Personnel employed by NPS fall into two categories: faculty and staff. Military and civilian personnel are included in both categories. Professors, senior academic administrators and a majority of the military officers are faculty. Staff personnel include officers, enlisted and civilians. Civilian labor can be paid by direct or reimbursable funding (Howard, Mar 1999). A dollar-for-dollar breakdown between of labor costs by direct and reimbursable funding is beyond the scope of this thesis.

1. Military

Military personnel, regardless of their positions or paygrades, are costed at a rate provided by NPS's major claimant, FSA. The rate for officers is \$79,902 and the rate for enlisted personnel is \$35,867 (Field Support Activity, 1999). In FY98 NPS had a total of 65 officers and 5 enlisted personnel assigned, equating to a total cost of \$5,372,965; faculty positions accounted for 36 of the military personnel, costing \$2,876,472 and staff accounted for the remaining 34 military personnel, costing \$2,496,493 (Burke, 1999).

2. Civilian

All civilian faculty at NPS are assigned the paygrades of AD-XX, meaning "As Determined." Their salaries in FY98, including benefits, equaled approximately \$34.5M and were paid out of both direct (3K) funding and funding for reimbursable research.

Staff personnel, who numbered 468, are assigned the paygrades of general managers (GM-XX), general specialists (GS-XX) and wage grade (WG-XX) employees. Administrative functions performed by these employees mainly support NPS's academic mission. There are personnel who work in NPS departments who are not directly

associated with the mission but still work for NPS; their salaries are paid out of NPS's OBOS funds. Most Resources Management personnel are paid by OBOS funds.

Civilian employees differ from military personnel in that civilian employees can perform reimbursable work for NPS and other DOD activities. In such cases, these DOD activities pay a percentage of their salaries on a reimbursable basis. Salaries for civilian employees can either be paid out of reimbursable or direct dollars, depending on the task to which the employee is assigned (Howard, April 1999). A breakdown of personnel salaries with respect to reimbursable and direct funding is beyond the scope of this thesis.

D. NSAMB MONETARY RESOURCES

In FY98 NSAMB received direct, reimbursable, FMT, tuition and fenced funding. Fenced funds for NSAMB are funds received for quality of life enhancement (QOLE) (Reilly, 2 March 1999). Housing dollars can also be considered fenced funding but due to the large amount NSMAB received in FY98, they are described separately. The breakdown is indicated in Figure 3-2. Military salaries are included as an operational cost.

NSAMB FY98 FUNDING SOURCES (Total = \$65,142,692)

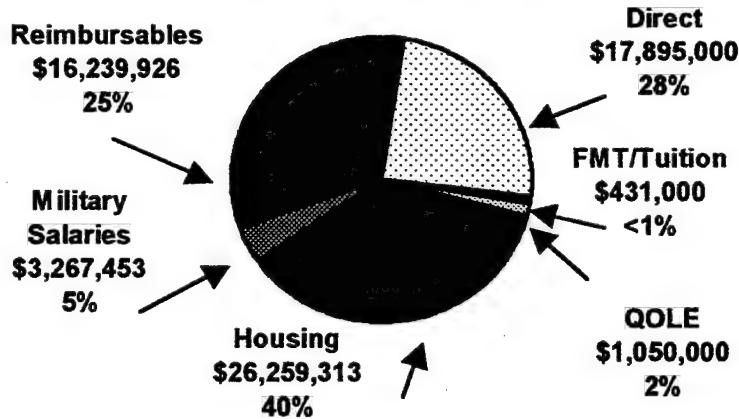


Figure 3-2 NSAMB FY98 Funding Sources

1. Direct Funding

In FY98, all direct funding for NSAMB flowed through NPS. As such, NPS had direct control over the amount of direct funding NSAMB was provided. As stated earlier, a subhead was developed under the NPS UIC in FY99, allowing funding to be allocated specifically to NSAMB for base support. This funding, 5K and 6K, which comes from the Operation and Maintenance, Navy (O&MN) appropriation, is used by NSAMB to pay labor (civilian payroll) and the operating expenses in their capacity as landlord. Table 3-3 indicates how 5K and 6K funds were depleted in FY98.

FY98 NSAMB 5K & 6K Expenditures (Figures in thousands)

<u>Category</u>	<u>5K</u>	<u>6K</u>
Labor	\$ 6,125	\$3,136
Travel	\$ 37	
Supplies/Equipment	\$ 35	\$ 12
Printing/Publications	\$ 26	
Non Travel Transportation/ Shipping	\$ 27	
Administrative Support	\$ 5,444	\$3,053
TOTAL	\$11,694	\$6,201

Source: FY98 Certified Budget

Table 3-3 NSAMB FY98 5K & 6K Expenditures

2. Reimbursables

Military housing was the largest source of revenue for NSAMB. Reimbursable funding for contracts was the second largest part of NSAMB's FY98 funding. Figure 3-2 does not indicate this because \$7.6M was removed from the reimbursable to family

housing. Removal of this amount from the overall reimbursable amount prevents double counting since this total is included in the housing portion of the chart. Reimbursable funding is provided to NSAMB by tenant commands for a variety of services. Reimbursable contracts are generated for items such as remodeling spaces, postal services for official mail, custodial agreements, copier servicing, telephone services, and computer maintenance (Cartwright, 1999).

NSAMB's authorized reimbursable revenue in FY98 is indicated in Table 3-4.

NSAMB Revenue from Authorized Reimbursable Accounts in FY98

(Figures are rounded and in thousands)

Defense Language Institute (DLI)	\$12,898
* Navy Family Housing	\$ 7,695
Fleet Numerical	\$ 1,317
Personnel Support Detachment	\$ 13
Navy Research	\$ 224
Naval Facilities Engineering Command	\$ 148
NPS	\$ 145
Chief of Naval Personnel	\$ 2
Naval Dental Clinic	\$ 5
Naval Criminal Investigative Service	\$ 1
Bureau of Personnel	\$ 49
Morale Recreation and Welfare	\$ 109
Defense Investigative Service	\$ 6
Family Advocacy Program	\$ 268
Relocation Assistance Program	\$ 48
Transition Assistance Management Program	\$ 77
Child Development Center	\$ 171
Other	\$ 758
TOTAL	\$23,934

*Note this amount is not included in Figure 3-2 to prevent double counting
Cartwright, 1999

Table 3-4 NSAMB FY98 Reimbursable Accounts

Authorized reimbursable revenue is the maximum amount these commands could obligate in FY98. As of the end of FY98, NSAMB had obligated \$23,702,000 of funds authorized by those commands mentioned in Table 3-4. Each command then retracted the remaining authorized funds for FY98. (Reilly, 16 March 1999)

FY98 was the last year that NSAMB provided services such as land maintenance and fire protection to DLI. Based on the amount in Table 3-4, this will potentially eliminate \$12M from future years' reimbursable revenue. These services are now provided to DLI by the cities of Monterey and Seaside is discussed in Chapter V. (Reilly, 16 March 1999)

3. Fenced

The QOLE funding is an appropriation from Congress. As such, it is forwarded directly to NSAMB for quality of life upgrades. As an example, upgrades to the bachelor officer and enlisted quarters are funded from QOLE. (Oxendine, 1999)

4. FMT/Tuition

NPS provides less than one percent of its FMT/tuition funding to NSAMB in exchange for services that NSAMB provides to international students and non-naval officers. The number, or expected number, of international students is the cost driver for this figure. In FY98, NSAMB received \$337,000 of NPS's FMT funding and \$94,000 from NPS's tuition revenue. (Reilly, 25 February)

5. Housing/Military Construction

Funding to repair and maintain military housing is provided by Naval Facilities Engineering Command (NAVFAC) via their Pacific Division Comptroller and West Coast

Housing Division. Funding is placed into three accounts: Navy Family Housing, Army Family Housing and Military Construction (MILCON). In FY98, \$7,705,000, \$7,145,000, and \$11,409,000 were authorized to these accounts, respectively. Housing and military construction dollars are provided directly to NSAMB and *do not* filter through NPS. This funding is provided to NSAMB to manage housing. NAVFAC provides and pays for a staff who specifically manages housing projects. Reimbursable funding covers any additional services, such as emergency maintenance, that NSAMB provides for housing or MILCON. (Oxendine, 1999)

E. NSAMB HUMAN RESOURCES

1. Military

NSAMB has only one category of personnel: staff. Both military and civilian personnel comprise the NSAMB staff. Salaries for the 51 enlisted personnel and 18 officers are deducted from the MPN account in the same manner as the salaries for NPS military. While the number of officers has stayed nearly the same as when NSAMB was first established, the enlisted billets have decreased by almost 40 percent. NSAMB's original authorized billets included 19 officers and 83 enlisted, see Appendix B.

The enlisted personnel include five positions that are billeted and charged to NSAMB but provide service to NPS only. This was a consensual agreement between the two commands during NSAMB's "stand-up." (Roddy, 25 May 1999)

2. Civilian

In 1995, civilian end-strength at NPS was 1301. When NSAMB became its own command in 1996, they were authorized 470 fulltime equivalent civilian personnel to be extracted from NPS's pool with annual salaries anticipated at approximately \$14M (NPS, 1996). NSAMB's civilian employees numbered 314 in FY98. They, too, are paid by direct funding (5K and 6K) and reimbursable funding.

F. DATA COLLECTION

Data for this thesis was initially collected, in part, from the NPS Comptroller and NSAMB Resource Manager. Information for FY98 regarding direct funding, reimbursable funding and other funding sources was requested. Additionally, human resource data were requested regarding the location of people, their job titles, and their salaries, separated into direct and reimbursable funding.

1. Direct Funding

Direct funding information from NSAMB's Resource Manager was provided in a pie chart depicting an overview of funding resources for FY98. When comparing this to the Certified Budget provided by NPS's Comptroller, the numbers did not match. The Certified Budget is the official document sent to FSA that identifies how direct funding was spent for both commands. This thesis used the data provided in the Certified Budget.

2. Reimbursables

The Certified Budget does not contain information regarding reimbursable funding. For NSAMB, the reimbursable funding received in FY98 was indicated on the pie chart

mentioned above. For NPS, these data were acquired from the Assistant Comptroller, who maintains a database of work orders from both NPS and NSAMB. This database, created by the Assistant Comptroller, provided information regarding reimbursable funding for NPS and NSAMB, and further separated these totals into obligated and authorized funds. This database was used to compile the NPS and NSAMB reimbursable amounts listed in Tables 3-2 and 3-4. For NPS, the breakdown of tenant commands and the reimbursable funds paid to NPS was determined by manipulating the Assistant Comptroller's computer program. For NSAMB, however, the origins of reimbursable funding by command were determined manually by identifying UICs and summing a list of work orders for each command.

3. Other Funding Sources

Other funding sources, such as FMT, non-Navy tuition, the Naval Acquisition Intern Program and Public Affairs were indicated on the FY98 Certified Budget. For informational purposes, the Naval Acquisition Intern Program is indicated in the Certified Budget because NPS manages their checkbook. This program is not associated with the academic or support missions of NPS and therefore will not be described in detail. Data regarding QOLE funding were taken from the pie charts provided by NSAMB. NPS does not keep track of QOLE dollars since they are directly appropriated to NSAMB for base support.

4. Number and Location of Personnel

When attempting to determine how many and to which departments military and civilian personnel were assigned in FY98, staff in the following positions were contacted:

- NPS Comptroller
- NPS Provost for Academic Planning
- NPS Administrative Assistant
- NPS Administrative Officer for Division Deans
- NPS Human Resource Office Assistant
- NSAMB Base Operations Officer
- NPS Systems Management Department Associate Professor
- NSAMB Resource Manager

After obtaining documents such as the NPS Civilian Labor Plan, the NSAMB Military Manpower Plan, and the NSAMB Officer Distribution Report, efforts were made to balance the counts indicated in these reports against the Certified Budget. These reports did not balance. For example, data in the FY98 payroll accounts did not readily match data in the Certified Budget. After 13 interviews and 7 phone calls with key Comptroller and Human Resource personnel, an understandable method for deciphering and comparing these three documents could not be achieved.

Comparing the Certified Budget to the NPS Labor Plan indicated a difference in how these reports account for personnel. The Labor Plan is developed in work years while the Certified Budget provides the majority of its data in both end-strength and work years. The Certified Budget only tracks direct funding in work years; reimbursable work years are not tracked in the Certified Budget.

When trying to determine where personnel were assigned, similar problems were encountered. The NPS Comptroller provided a FY98 Electronic Time Attendance and Certification Program report showing the civilian personnel assigned to NPS, by name and by the departments to which they were assigned. However, not all of these personnel appeared on the FY98 NPS Labor Plan. A final listing of civilian personnel working at

both NPS and NSAMB in FY98 was obtained from the Office of Personnel Management (OPM) in San Diego, via the Human Resource Office (HRO).

NSAMB provided both an Officer Distribution Report and the Military Manpower Plan identifying the billets filled by military personnel. NPS was unable to provide documents to indicate where the military faculty and staff were located. The NPS Administrative Officer for Division Deans created a report (from FY99 data) that listed the officers assigned to NPS by administrative UICs. This was then compared to the May 1999 NPS Telephone Listing. When attempting to verify these sources against a list provided by the Personnel Support Detachment, the numbers, again, did not correspond. The numbers also did not match the numbers indicated on the Certified Budget. As matching sources could not be found, the military personnel data was extracted from the report provided by the NPS Administrative Officer for Division Deans.

5. Salaries

Though the report from OPM provided salaries for all NPS and NSAMB civilian employees, it did not break out compensation by direct or reimbursable funding. This information only appears in the Civilian Labor Plan, calculated and maintained by the Office of the Provost for Academic Planning. These two documents were again compared to verify names and compensation; again the data did not match. Military salaries were provided by FSA on a Manpower Navy Work Year chart.

IV. DATA COMPARISON

A. INTRODUCTION

The main purpose behind creating NSAMB as a separate command was to relieve the NPS Superintendent of the responsibility for day-to-day base operations and support of tenant commands. NSAMB has its own Commanding Officer, its own allocation of funding and a specified number of assigned civilian and military personnel. Based on this, it appears that the Superintendent was, in fact, relieved of the responsibility for immediate base operations.

The Superintendent, however, who oversees the entire NPS installation, is responsible for programming and budgeting the Navy's money to effectively carry out the mission of NPS. To do this, the data regarding functions and monetary and human resources of both NPS and NSAMB must be closely scrutinized to eliminate redundancies and waste in both commands. These data are provided in this thesis. Additional analysis would be necessary to determine if the mission is being carried out effectively. Performance benchmarking, both internal to the two commands and external (by comparison to other civilian graduate research universities) is one method for analyzing these data with the goal of improving effectiveness. The comparisons made in this chapter will assist future researchers as they pursue benchmarking studies.

B. FUNCTIONS

NPS's overarching mission is academics. As professed in their mission statement, NPS will "increase combat effectiveness of the U.S...through advanced education..." (NPS, 1999).

NSAMB's mission statement indicates it will "support the mission of the Naval Postgraduate School...by providing...quality of life and installations management support..." (NPS Command Brief, 1998). NSAMB's mission does not overlap or repeat NPS's. NPS and NSAMB do however share the same customer base – the students.

C. MONETARY RESOURCES

Combining the funding data described in Figures 3-1 and 3-2, NPS's and NSAMB's aggregate operating funds are summarized in Figure 4-1. One hundred and forty-five thousand dollars has been backed out of the reimbursable portion of the chart to avoid double counting funds which NPS paid to NSAMB for base support services in 1998.

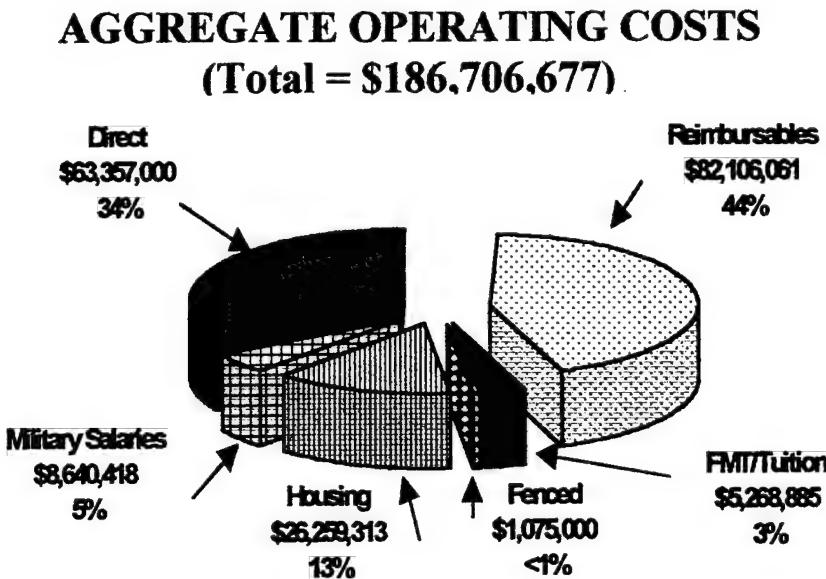


Figure 4-1 NPS/NSAMB FY98 Aggregate Funding

1. Flow of Funds

Prior to discussing direct and reimbursable funding, the two largest sections of Figure 4-1, it is important to restate that NPS is involved in all monetary expenditures of these two commands. This occurs not only because NPS now finds itself a "tenant" to NSAMB but also, as mentioned earlier, NPS only has one accounting UIC. Although NSAMB is allocated a specified amount from their major claimant, FSA, all of their funding must first be given to NPS who forwards it to NSAMB. NPS's authority to reprogram NSAMB's funding back to NPS programs complicates this funding channel. As money is spent by NSAMB, every dollar is reported to NPS. All NSAMB allocations for labor, MRP, and OBOS are reported to NPS and included in the annual certified budget. There is only one certified budget produced for both commands. Appendix C is the OP-32 portion of the FY98 certified budget for NPS. This present relationship between NPS and NSAMB fosters a vertical system of checks and balances. (Reilly, 2 March 1999)

2. Direct Funding

In 1993, the funding NPS received for mission and base support was \$36,911,000 and \$15,526,000, respectively (Reilly, 25 March 1999). At that time, NSAMB was still a department under NPS. In 1998, the funding NPS and NSAMB received in total for mission and base support was \$42,847,000 (3K) and \$20,510,000 (5K and 6K), respectively (NPS, October 1998). Using the Gross Domestic Product (GDP) inflation rate of 1.2891, calculated by using the percent change in the price index between FY93 and FY98 (Council of Economic Advisors, 1999), the funding NPS received in 1993

would equate to \$47,581,970 for mission and \$20,014,566 for base support in constant 1998 dollars. Given that the student enrollment dropped from 1,797 in 1993 to 1,340 in 1998, a decrease of 25 percent, the decrease in mission funding could be attributed to this decline. The base support dollars, however, were relatively constant.

3. Reimbursables

Authorized reimbursable spending has also increased in the past five years. For example, the total reimbursable funding authorized for NPS in 1998, indicated in Table 3-1, was \$66,012,000. The reimbursable obligations made to NPS by those same commands at the end of FY98 were \$59,234,000. In 1993, the obligated amount was \$28,329,000 (Reilly, 16 March 1999). This amount would be \$36,518,914 in FY98 dollars, after adjusting for inflation, as with direct funding. This represents a 62 percent increase in obligated reimbursable services over the last five years.

In 1991, NPS regained authority to accept reimbursable funding for research. Prior to this, from 1985 to 1991, all research was funded through direct funding. The possibility exists that reimbursable funding was relatively low in 1993 because some research was still being funded through direct dollars as direct funded research was being phased out. Analysis of this point is beyond the scope of this thesis, but requires mentioning in the event that future research is conducted in this area.

In FY98 reimbursable research generated over \$31.8M in revenues for NPS, covering both the overhead and labor associated with this research. In comparison, NPS paid out \$30.8M in direct labor in support of the academic mission. These figures indicate that research dollars slightly exceed the direct dollars that pay for faculty and staff salaries.

The Research Department at NPS did a comparative analysis in March 1999 specifically evaluating indirect costs recovered for reimbursable research funding. This analysis indicated that NPS has a Navy-established 23 percent rate for recovering indirect costs associated with research; the indirect cost recovery rate for a civilian university averages 49 percent (NPS, March 1999). This difference suggests that either NPS is undercharging sponsors for the research it performs, NPS provides research support more cost effectively than civilian universities, or NPS includes more activities as direct costs than civilian universities.

4. FMT/Tuition

A brief analysis of FMT and tuition changes over the last five years is provided purely as a baseline for future theses. In 1993, FMT and tuition equaled \$5,937,000 (CNA, 1998). Figure 4-1 shows that funding from these two sources in the aggregate has decreased in nominal dollars over the past five years to \$5,268,885. Further analysis of this decrease is required. In the authors' view, the decrease in the tuition funding for non-DOD and civilian students relates to the decrease in the DOD population over the past five years.

D. HUMAN RESOURCES

For the purposes of comparison, military and civilian personnel have been grouped by similar job series and titles based on the experiences of the authors of this thesis. This allows for an overall look of how many people are assigned to perform similar functions. Tables 4-1 and 4-2 indicate job series/titles that have the largest number of people

assigned to them. NPS and NSAMB have been separated for comparison purposes. “Large” has been defined by the authors of this thesis to be a number greater than 10. Activities with 10 or fewer fulltime equivalent employees do not require an A-76 study when being considered for outsourcing initiatives, therefore the number “10” seems appropriate in the context of this chapter.

NPS POSITIONS

<u>JOB SERIES/TITLES</u>	<u>TOTAL</u>
Education and Planners	13
Admin/Clerical/Clerks/Secretarial	170
Computer Operators/Specialists	64
Financial/Accounting Personnel	44
Electronics Technicians	13
Librarians/Library Technicians	26
Education and Training Technicians	24

Table 4-1 NPS Positions With More Than 10 Personnel

NSAMB POSITIONS

<u>JOB SERIES/TITLES</u>	<u>TOTAL</u>
Academic Support Technicians	12
Admin/Clerical/Clerks/Secretarial	35
Fire Protection	51
Financial/Accounting Personnel	21
Electronics Technicians	15
Police	18
Education and Training Technicians	11
Carpenters	14
General operators	19
Maintenance Mechanics	37

Table 4-2 NSAMB Positions With More Than 10 Personnel

Highlighting these particular positions does not imply that these positions are not required to support the NPS/NSAMB mission. In some instances, civilian personnel in these positions receive part of their salaries from reimbursable sources. Many NPS staff members “sell their services” to other DOD agencies from which NPS receives reimbursable funding. The Departmental Chairmen determine what portion of an employee’s workload and salaries are attributable to reimbursable funds. The reimbursable payment from the relevant DOD agency is then funneled through the payroll system to the employee responsible for the work. The annual labor plan indicates how the salaries of all NPS employees are paid, whether from direct or reimbursable dollars. In the FY98 Labor Plan, many employees, especially faculty, received a majority of their salaries from reimbursable sources (Howard, 1999). In the authors’ views, this reflects a rational response to declining enrollment and direct mission funding.

E. BENCHMARKING

This chapter compared the functions and resources of NPS and NSAMB as a means of highlighting areas where efficiencies might be gained. Organizations concerned with gaining efficiencies need to evaluate, that is measure, their performance. Benchmarking, which measures an organization’s performance relative to others, is one way of doing so. Performance metrics are the tools by which performance is measured and provide useful information for researchers conducting benchmarking studies. The comparisons made in this chapter suggest the following performance metrics that could be used in a future benchmarking study against similar private sector institutions:

- Functions performed by NPS compared to civilian institutions
- Resource allocation at NPS compared to civilian graduate research universities
- Direct mission funding per student at NPS compared to civilian graduate research universities
- Base support funding per student at NPS compared to civilian graduate research universities
- Direct relative to reimbursable (research) funding at NPS compared to civilian graduate research universities
- Educational Training Planners per student compared to comparable positions at civilian graduate research universities
- Administrative, resource management and computer support personnel at NPS compared to civilian graduate research universities

V. METHODS FOR REALIZING COST SAVINGS

A. INTRODUCTION

With the President and Congress committed to reducing the federal budget, the phrase "doing more with less" has become a mantra in the military. To gain more value from every dollar spent, DOD as a whole, and installations in particular, must become more efficient in how they manage infrastructure. Any efficiencies gained through a leaner infrastructure are a potential source of funding to sustain force modernization, readiness, and quality of life (Naval Studies Board, 1998).

The 1998 Joint Chiefs of Staff's Posture Statement identifies a \$60B target as the amount DOD needs for force modernization, readiness, and quality of life by FY05. The Navy's share of this is estimated at \$8B to \$12B, to be borne by 13 resource sponsors. The NPS resource sponsor, N7, levied a \$26M (plus inflation) budget cut against the entire NPS UIC over the next 6 fiscal years (Honneger, 1999). This averages to \$4.6M per year.

Figure 5-1 indicates how these amounts are broken out through FY05. NPS's pro rata cut is 71 percent, with NSAMB responsible for the remaining 29 percent. NPS plans to employ business process engineering techniques to realize these savings (Connor, May 1999). If NPS is to achieve its stated mission of increasing combat effectiveness through educational programs and research, and if NSAMB is to meet its support mission, it is imperative that both commands move toward more efficient and economic business practices.

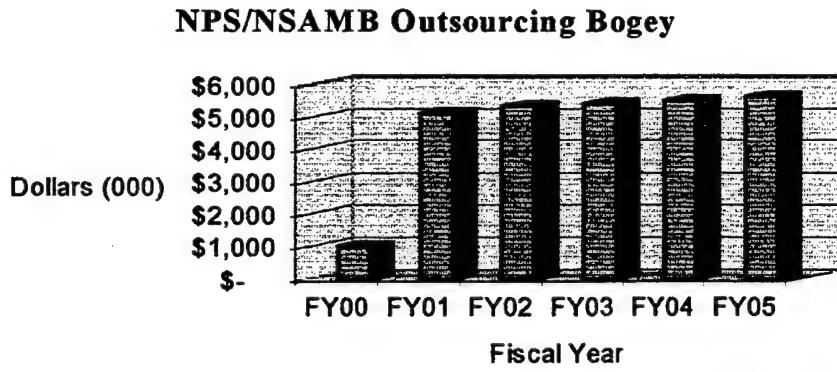


Figure 5-1 NPS/NSAMB Outsourcing Bogey

In 1992, NPS developed a strategic plan to better focus future efforts. The eight initiatives listed below represent the direction of these efforts:

1. Position NPS to meet the challenges of the Revolution in Military Affairs
2. Increase the efficiency and effectiveness of NPS
3. Develop the technologically-integrated Defense University of the Future
4. Develop a consensus within each service on the importance of graduate education as an investment in human capital
5. Obtain the resources needed to accomplish our mission
6. Create the correct balance between funding current operations and reinvestment
7. Recruit, develop, and retain high quality staff
8. Recruit, develop, and retain a high quality faculty (NPS, 1999)

NSAMB is currently working on its own strategic plan. Prior to its creation in 1996, NSAMB followed the NPS Strategic Plan.

What follows is a description of acknowledged DOD-wide initiatives and the current efforts underway at NPS and NSAMB to capture cost savings and efficiencies in their respective operations. The pros and cons to these initiatives, with regard to overall control, are discussed in the following sections.

B. ALLOCATION OF INDIRECT COSTS

Indirect costs are any costs that cannot be directly related to a product or service. These costs can be incurred during production of a good or provision of a service or in cost administration. By accurately calculating and subsequently charging indirect costs, NPS can be assured that it is not subsidizing more than its fair share of overhead when compared to other sponsored research programs.

NPS recovers indirect costs for sponsored programs at a rate of 23 percent. This rate was established by a 1995 survey providing information on indirect costs. This rate is comprised of two components, staff labor and bid and proposal. Staff labor includes staffs that support the sponsored program but whose effort cannot be easily identified as directly supporting the project in question. Bid and proposal refers to the labor and non-labor costs for seeking new sponsored funding (labor is primarily faculty). It also includes costs which support the research mission of the department but are not chargeable to a specific project. The formula for determining the indirect cost rate is:

$$\frac{\text{Indirect Staff Labor}}{\text{Total Direct Research Labor}} + \text{Estimate for Bid and Proposal} = \text{Indirect Cost Rate}$$

A survey of all department/group support staff and statistical analysis of support functions determine indirect staff labor. The bid and proposal costs can be recommended up to 10 percent above the staff labor portion of the indirect cost. (Filizetti, 1999)

When comparing the rate of 23 percent to civilian universities, NPS is 23 percentage points below the civilian university rate. Civilian universities average 46 percent for indirect cost recovery rates and are established using Office of Management and Budget guidelines. (NPS, March 1999)

C. ACTIVITY BASED COSTING/MANAGEMENT

Activity based costing (ABC) is a costing method that assigns costs first to the activities and then to the products based on each product's use of activities. ABC is based on the concept that products consume activities and activities consume resources. Activity based management (ABM) is the use of ABC and other activity analysis to assist management in the decision making process (Maher, 1997).

NPS is currently in the planning stages of an Activity-Based Costing/Management (ABC/M) Project. The goal of this project is to provide managers with greater visibility of how resources are being consumed to support the NPS mission. Specifically, the project will support initiatives two, five and six of the NPS strategic plan stated earlier in this chapter. By identifying and measuring the costs of activities used to produce outputs, the ABC/M project provides information to decision makers to help reduce costs of non-value added activities, improve performance measures, and provide more accurate costs of NPS programs. The scope of the project is expected to include the NSAMB and NPS

Comptrollers, the Information Systems Department (05), the administrative functions of the Science and Engineering Division, the NPS Library, and the Associate Provost for Research (09). (NPS, March 1999)

D. REGIONALIZATION

Regionalization is the consolidation of support activities in a geographic location in an effort to minimize or avoid overlapping or redundant installation management functions.

Most Navy bases and facilities are clustered in a few regions around the country. Before regionalization, each facility was managed as a subordinate unit of a parent command and was supported independently of the other activities in the region, often providing all of its own infrastructure support... The Navy is now consolidating support in its larger U.S. regions, and it has termed that program 'facility claimant consolidation' and 'regionalization'. (Naval Studies Board, 1998)

Appendix D depicts Navy concentration areas and the current status of Navy regionalization projects in those areas. Individual bases are now being consolidated into megabases. The goal of creating these megabases is to reduce base operating support costs by eliminating unnecessary management layers, duplicative overhead, and redundant functions. Benefits include capturing economies of scale, eliminating redundancy and exploiting market leverage. Additional benefits include the potential for better work force utilization, opportunities for outsourcing across an entire region, process standardization and regional planning and prioritization.

Regionalization has cons as well. Despite the economies of scale, local control and responsiveness to unique base conditions may be forfeited. From the Commanding

Officer's viewpoint "...regionalization does nothing to reduce the essential services these commanders provide while eliminating their ability to meet those demands. Ironically, the very pressures that make regionalization necessary from a 'macro' point of view make it unattractive and difficult to achieve on a 'micro' level" (Struble, undated). Some Commanding Officers go so far as to state that regionalization has eroded their power and authority to accomplish their responsibilities (Kemp, 1999).

Successful regionalization efforts eliminate functions and reduce the number of personnel who perform other functions. This subsequently reduces the required base-level civilian personnel functions.

In another effort, the DOD components were directed to regionalize base-level civilian personnel functions and reduce manpower to a 1:100 ratio between personnel specialists and the serviced population. Attainment of this servicing ratio requires reducing (by approximately 45%) the number of employees providing base-level civilian personnel services by the year 2001. Regionalization provides a return on investment by standardizing human resource services and eliminating duplication. (U. S. Department of the Navy, 1998)

Appendix D reveals that NPS and NSAMB are not part of a designated concentration area. However, to uphold the new requirements for base-level personnel (human resources) functions, 60 percent of these functions were regionalized under San Diego's Human Resources Regional Service Center (HRSC) in December 1998. The base HRO office retained the remaining 40 percent of the functions, performed by a scaled-down force. The localized services can be more customer-focused than the regionalized services and more in the manner of advisor/consultant/facilitator/coach.

Localized services emphasize activities that require more localized knowledge,

such as job classifications, downsizing, vacancies and recruitment. Employee performance files will be maintained at the HRO but official personnel folders will be maintained at Human Resource Service Center (HRSC) San Diego. NPS HRO will continue to administer the Performance and Awards Program but the HRSC will process these appraisals and awards. The majority of benefits services will be provided by the HRSC. The efficiency gains from this effort occur by eliminating redundant functions and excess servicing personnel. (NPS Human Resource Department, 1999)

E. OUTSOURCING

One way to try and realize economies of scale, not only over a region, but also at the individual base level is through outsourcing.

Outsourcing is the transfer of a function, traditionally performed by Government personnel, to the private sector. The Government retains responsibility and control of the function, i.e., the service to be rendered, how it will be competed, who will perform the service, and monitoring of the service. Public funds continue to pay for the function by contract with a private enterprise. (Desbrow, 1998)

Outsourcing is built on the premise that competition will make it work. The argument is that when alternatives exist, customers will choose providers who are most responsive to their needs. The ensuing competition drives both government and private providers to improve quality, increase efficiency, reduce costs and better focus on customer needs. Further, it should allow government organizations to focus on core competencies, enabling them to improve service quality, respond quickly to opportunities/threats, obtain access to new technologies and employ more efficient business practices. Outsourcing should allow commands to retain local control while

reaping the benefits of scale, competition and specialization efficiencies. Table 5-1 depicts the savings to annual operating costs that can be realized by outsourcing.

Within the Department of Defense, experience demonstrates that competition and outsourcing have yielded both significant savings and increased readiness for each of the military services. As a result of cost comparisons conducted between 1978 and 1994, the Department now saves about \$1.5 billion a year. On average, these competitions have reduced annual operating costs by 31 percent. (U. S. Department of Defense, 1996)

<u>SERVICE</u>	<u>COMPETITIONS COMPLETED</u>	<u>TOTAL ANNUAL SAVINGS*</u>	<u>PERCENT SAVINGS</u>
Army	510	470	27%
Air Force	733	560	36%
Marine Corps	39	23	34%
Navy	806	411	30%
<u>Defense (Other)</u>	<u>50</u>	<u>13</u>	<u>28%</u>
Total	2,138	\$1,478	31%

*Millions of FY96 dollars

DOD, 1996

Table 5-1 Savings from A-76 Competitions. 1978 to 1994

Outsourcing however faces deep-rooted impediments.

Because of our predominant ‘warfighter’ thinking, installation management is not optimized, nor are its management systems optimized, to manage the revenue generating, multiple transaction activities performed in base support services (U. S. Department of Defense, 1997).

Coupled with the military’s long-perpetuated ideas of self-sufficiency, it is not surprising that the DOD has, until recently, expended enormous resources to provide every service “in-house.”

In 1996, the National Performance Review recommended outsourcing non-core functions as a means of reducing overall costs of operations, improving business processes across the DOD infrastructure, and recapitalizing those savings for modernization. With thriving communities right outside the gates of most installations and the majority of service members living in these very same communities, it can be argued that installations should identify services that can be outsourced to the private sector. If these services can be provided better and less expensively by the private sector, service contracts would appear to be a viable alternative.

All activities performed within the military are either inherently governmental or commercial. Inherently governmental functions are those "so intimately related to the exercise of the public interest that they mandate performance by DOD civilian employees" (U. S. Department of Navy, undated). They fall into either the category of 1) the act of governing or 2) monetary transactions and entitlements.

All other activities are considered commercial and are subject to the Commercial Activities Program. The method under which these functions are studied for possible outsourcing is commonly known as an A-76 Commercial Activities (CA) Study. The 15-step procedure for equitably comparing "in-house" vs. outsourced provision of these commercial activities is outlined in the Office of Management and Budget Circular A-76, *Performance of Commercial Activities*.

Naturally, the most promising opportunities for outsourcing are activities where similar services are provided in the commercial sector. Since 1979, the Navy has been employing A-76 studies to analyze its commercial activities for possible outsourcing in the

commercial sector, including maintenance (depot and intermediate level), base support, health services, training and technical services. "Analysis suggests that the Navy could save as much as \$3 billion per year if all Navy commercial activities were competed entirely" (Center for Naval Analysis, 1996). These savings result not only from actual outsourcing but also from efficiencies gained when the in-house operations are closely scrutinized as part of the A-76 procedures for defining a most efficient organization.

In a recent A-76 study, NSAMB competed its entire Supply Department. As of 1 October 1999 (FY00), this department will function under a private contract. The winning contractor, chosen on performance and not price (although it was the low bid), beat the "in-house" bid by \$84,000. As a result, 49 civilians and 21 military will no longer be NSAMB employees or be paid by the government (Downing, 1999). Private contract employees will now provide these services. The former civilians employed in the Supply Department will be afforded the chance to submit resumes to the new company. Those choosing to remain government employees will be offered employment commensurate with their positions prior to 1 October 1999. The Superintendent is currently reviewing the whole study in response to the local government employees union's objections to the outcome. Implementation will not occur until the Superintendent's final decision regarding the legitimacy of this objection. (Linser, 1999)

F. PUBLIC/PRIVATE VENTURE

While outsourcing is one method of working in tandem with the private sector, Public/Private Ventures (P/PVs) offer an alternative method for teaming up with the community outside the fenceline.

Public/Private Venture is a business partnership/agreement between the Federal Government and a private company/s, local government, or state government involving the exchange of U.S. Government properties (real estate) and or services for moneys and/or services (Desbrow, 1998).

P/PVs recognize gains from specialization, scale and competition, however, at the price of loss of local control.

Currently, NPS is investigating the benefits of such a contractually negotiated agreement with the University of California, Santa Cruz for educational "services." What services will actually be exchanged between the two universities is yet to be defined, but preliminary discussions indicate exchanges between the Applied Statistics, Math and perhaps Engineering programs. The method of delivery – whether video teleconferencing or actual commuting by instructors – is being considered. Methods of compensation and the pro rata share of this compensation to be applied to students are also still in question. (Connor, 1999)

Although NPS and NSAMB are not actively involved in any partnering ventures, one of its larger tenant commands is, the Defense Language Institute (DLI). Working ahead to stave off a possible recommendation for relocating DLI, the Army and the cities of Monterey and Seaside recently formed the innovative Presidio Public Works Agency.

In doing so, these two cities became the first in the country to deliver public works services on a military installation. (*Monterey Herald*, 1998)

The agency will perform regular, exterior maintenance at the Presidio of Monterey, home to DLI, and at its extensive Fort Ord Annex, which currently houses NPS students in its Army Family Housing. Workers duties will include cleaning streets and performing preventative maintenance, unplugging sewers, mending fences and mowing grass. In the near term (this year), the partnership is expected to generate an additional \$1.45M in revenue for the cities and keep city crews operating at efficient levels. Substantial savings for the Army are projected for the long term, reaching \$7.3M over 4 years if contracts are renewed. These figures indicate the potential for further cooperative ventures (*Monterey Herald*, 1998). There are preliminary initiatives by NSAMB to partner with Monterey to provide high voltage electricity and street paving services (Smith, 1999).

The partnership between DLI and the cities of Monterey and Seaside has implications for NSAMB who previously provided these services on a reimbursable basis. NSAMB lost the contract in FY99, causing a reduction in force (RIF) of 35 public works personnel (Smith, 1999).

G. PRIVATIZATION

Another infrastructure cost reduction initiative is privatization.

Privatization is the transfer of control of an asset such as land, facility, utility plant/system - and the activity associated with it. Private funds replace the public funds used to perform the activity and maintain the assets transferred to the private company" (Desbrow, 1998).

The principal difference between privatization and P/PV is that privatization divests the government completely from ownership of the assets involved, and, as the definition states, the government transfers its control. One support function that lends itself to such an initiative is military family housing, because the standards governing this product/service are constant across the board.

Quality military housing is central to morale, retention, and therefore readiness. Improving military housing in the United States and abroad is a major priority for the Defense Department. Success is predicated on using sound private sector methods to accomplish the improvements, wherever possible, and increased funding, where needed. (Desbrow, 1998)

Currently, NSAMB is developing a privatization plan to ensure adequate, affordable housing for all Navy and Marine Corps families stationed in the Monterey area. These efforts would use private funding to construct new housing units and renovate existing housing units. The contractor would own the housing units; the government would retain ownership of the land, but the land would be leased to the contractor under a 50-year agreement. The contractor would be responsible for management, maintenance, standard utilities, and police and fire protection for this housing. It is anticipated that this effort will revitalize housing in Monterey within the next ten years, instead of the estimated 130 years under present government efforts. The quality of the housing

“will be comparable to what the private sector would build, renovate, or operate for civilians in the same overall income ranges and be consistent with DOD minimum adequacy standards (e.g., the square footage and housing types should be comparable to Basic Allowance for Housing standards)” (NSAMB Housing Division, undated).

The overarching goal of the initiative is “to enact the optimal program that leverages public capital and DOD assets in order to provide the best return to our service members

and their families, the installation, and the local community" (NSAMB Housing Division, undated).

H. CONSOLIDATION/ELIMINATION OF REDUNDANT FUNCTIONS

In any organization, civilian or military, analysis can always be done to ensure the organization is operating as efficiently as possible. Such an analysis could reveal that some positions could be consolidated or eliminated to capture cost savings.

There is currently a reorganization taking place within NPS to quantitatively and qualitatively balance the billets at NPS with the funding authorizations projected in FY00. This reorganization is expected to eliminate three Curricular Officer billets from the staff. (Panza, 3 June 1999)

Additionally, an efficiency study in the area of computer support positions, approved by Congress in May 1999, is currently being conducted to review 229,000 support positions across DOD (Honneger, May 1999). NSAMB, NPS and FNMOC are all part of the study that will consider 236 local civilian jobs. The goal is to ensure the Navy is not "fat" with support positions. Each position will be evaluated to determine its purpose and support to the commands' missions.

NPS and NSAMB are also considering merging the NSAMB Administrative Department and the NSAMB Resource Management Department into the corresponding NPS Departments. Analysis of this concept is currently ongoing (Roddy, 20 May 1999).

Externally, NSAMB is looking at the possibility of eliminating their DOD Police Department. NPS property falls under exclusive jurisdiction, meaning that only DOD

police have the authority to act in a law enforcement capacity on board NPS property. In other locations around the world, however, military bases are covered under concurrent jurisdiction, meaning that both DOD and local law enforcement have authority to act on board the installation. In the event NPS jurisdiction could be changed to concurrent, approximately \$450,000 could be saved in labor and maintenance costs. While a change in jurisdiction has not been requested at this time, the possibility for savings remains and is being investigated by NSAMB. Although this initiative appears to fall in the P/PV arena, it does not meet the criteria stated earlier in this chapter as no exchange of property or services for money and/or services will occur. Only jurisdiction will be transferred.

(Roddy, 20 May 1999)

VI. SUMMARY, CONCLUSIONS, AND RECOMMENDATIONS

A. SUMMARY

As long as DOD continues to endure budget cuts, organizations within DOD need to look for ways to reduce their overall costs. A first step in doing this in an organization is to obtain a complete description of the organization's primary functions and internal structures, the costs associated with day-to-day operations, and the responsibilities of its personnel. This thesis provides that first step for NPS and NSAMB. It describes the data collection process, compares the data acquired and highlights current cost saving initiatives underway at both commands. The conclusions and recommendations that follow are based on the research conducted in these three areas.

B. CONCLUSIONS AND RECOMMENDATIONS

1. Data Collection

As described in Chapter III, monetary and human resources data are found in a number of locations at NPS and NSAMB. These data are not readily available in a centralized location making data collection a difficult and time-consuming process. When efforts were made to verify acquired information across different sources providing data, dollar-for-dollar and name-for-name matches could not be made. It was also apparent that these inter-related functions of labor and resource allocations are not reported in common terms. Specifically, the labor plan is developed in terms of work years classified as

reimbursable and direct dollars but the Certified Budget reports total resources in a variety of ways, none of which distinguish reimbursable dollars

2. Current Cost Saving Initiatives

Chapter V shows that NPS and NSAMB are involved in a variety of cost saving initiatives. Only two of the seven efforts currently underway focus on human resource allocation. Human resources, labor, require the greatest amount of direct funding. Areas with large numbers of personnel, as indicated in Chapter IV, are areas where there is the largest potential for cost savings. However, it appears that NPS and NSAMB are not currently investigating those areas.

3. Centralized Point of Contact

A central clearinghouse for functional and resource information is needed at NPS and NSAMB (as one UIC). In the process of compiling data for this thesis, it was apparent that there is no one source to provide senior leadership with information regarding function and resource allocation at the two commands. Establishing a department as this clearinghouse would allow rapid access to this data. The Assistant Provost for Strategic Planning offers one possible location for a department of this type.

4. Standardization of Labor and Budget Terminology

Developing a document that combines labor and budget information and presents it in like terms would provide senior leadership with a system of checks and balances for reimbursable labor accounts, especially for research accounts. If current ABC projects do not address this issue, further research should.

5. Function Consolidation

NPS and NSAMB should initiate a cost-benefit analysis into the consolidation of like functions. Eliminating excess or redundant functions by consolidation will conceivably save labor dollars. By streamlining the functions, the two commands are in a better position to benchmark against external organizations.

6. Recovery of Indirect Costs on Reimbursable Accounts

In FY98 indirect costs for reimbursable research were recovered at a rate of 23 percent. This Navy Comptroller-established rate is well below the rates used at civilian universities. Based on this, the Navy Comptroller and NPS needs to ensure that rates are sufficient to recover the indirect support costs associated with reimbursable research. This would allow an accurate depiction of direct mission and reimbursable support costs. Further research in this area is suggested.

7. Establishment of an NSAMB Accounting UIC

Establishing a separate UIC solely for NSAMB would allow them the flexibility to define and allocate funds at their discretion. Dollar-for-dollar accountability would be replaced by the need to report only bottom line figures to NPS. This saves time, eliminates redundancy between the two resource management departments and can ultimately be reflected in reduced labor expenditures.

8. Justification of the Need for NSAMB

With the numerous cost saving measures continuing, the decrease in direct funding, the reduction in student enrollment, and the loss of major support contracts for

DLI, the scope of responsibility for NSAMB may be decreasing. Further research as to the need for a command to control base support functions is recommended.

9. Expanded Use of Infrastructure Cost Reduction Initiatives

While NPS and NSAMB are aggressively pursuing business-like initiatives, further use of these practices is recommended. Resource management, administrative and computer support services are candidates for outsourcing as they are repetitive functions that lend themselves to competition. The outcomes and results of current initiatives need to be further explored for lessons learned and applied to future initiatives.

C. REMARKS

This thesis provides the management and administrators of NPS and NSAMB an accessible source of information regarding how functions and resources were allocated in FY98. It also provides a baseline for future research and possible benchmarking of this information. Further research of additional performance metrics that may expose inefficient use of resources at the Naval Postgraduate School and the Naval Support Activity is also recommended.

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APPENDIX A. TENANT COMMANDS

<u>Abbreviations</u>	<u>Name</u>
FNMOC	Fleet Numerical Meteorology and Oceanography Command
DEFPRI	Defense Printing Agency
ROICC	Resident Officer in Charge of Construction
DIS	Defense Investigative Service
TRAC	Training and Doctrine Command
SRC	Security Research Center
NWS	Naval Weather Service
IDEA	Institute for Defense Education and Analysis
NCIS	Navy Criminal Investigative Service
PSD	Personnel Support Detachment
DRMI	Defense Resource Management Institute
NRL	Navy Research Laboratory
NEX	Navy Exchange
DSAA	Defense Security Assistance Agency
NDC	Naval Dental Clinic
NFH	Navy Family Housing
DMDC	Defense Management Data Center
NSGD	Naval Security Group Detachment
DLI	Defense Language Institute
AFH	Army Family Housing
DLIFIR	Defense Language Institute Fire

APPENDIX B. FACTS AND JUSTIFICATION LETTER



DEPARTMENT OF THE NAVY

NAVAL POSTGRADUATE SCHOOL
1 UNIVERSITY CIR
MONTEREY CA 93943-5000

IN REPLY REFER TO:

5400
Ser 04/033
23 Feb 96

From: Superintendent, Naval Postgraduate School
To: Chief of Naval Operations (N-09B)

Subj: ESTABLISHMENT OF NAVAL SUPPORT ACTIVITY AT MONTEREY, CA

Ref: (a) Superintendent, NPS ltr 5400 Ser 04/046 of 3 Jan 96
(b) Mtg ADM Prueher (CNO (N-09))/ RADM Evans (NPS (Code (00)) of 25 Jan 96
(c) OPNAVINST 5450.169D

Encl: (1) Facts and Justification Sheet
(2) Briefing Sheet

1. Reference (a) requested concept approval of the establishment of Naval Support Activity Monterey Bay (NSA MB). Concept approval was received during reference (b). Per reference (c), enclosures (1) and (2) are submitted for final approval of the establishment of NSA MB.
2. Naval Postgraduate School's POC is CDR Valerie Moule. CDR Moule can be reached at DSN 878-2021 or commercial (408) 656-2021.

M. J. EVANS

FACTS AND JUSTIFICATION SHEET

1. **Name and Location of Activity.** Naval Support Activity Monterey Bay (NSA MB), Monterey, California.
2. **Background.** The Naval Postgraduate School (NPS) is located in Monterey, California, approximately 125 miles south of San Francisco. NPS's stated mission is "to enhance the security of the United States of America through graduate and professional education programs focusing on the unique needs of the military officer. These programs are sustained by research and advanced studies directed towards the needs of the Navy and DOD. NPS's goals are to increase the combat effectiveness of the armed forces of the U.S. and its allies, and to contribute to fundamental scientific, engineering, policy, and operational advances that support the Navy, DOD, and other national security establishments." In addition to oversight of the aforementioned academic mission, the Superintendent is currently responsible for base operations functions for five separate parcels of land totaling 600+ acres, as well as public works support to other local area bases.
3. **Reason for Action.** The Naval Postgraduate School has evolved to the point where the current command structure is inadequate. New and expanded facilities include: two new academic buildings, an expanded library (increased by one-half), and a new Child Development Center (CDC). In the face of local Army base closures and modifications, reimbursable public works support for retained housing and the Defense Language Institute (DLI) campus (at Presidio of Monterey) has increased significantly, resulting in the doubling of the NPS Public Works (PW) workforce. The continued growth in base operations make the scope of responsibility for the NPS Superintendent extensive. Establishment of a stand-alone command (NSA Monterey Bay), will relieve the Superintendent of immediate base operations involvement, allowing appropriate focus on the primary mission of graduate and professional education.
4. **Nature of Action.** To convert the current NPS Military Operations Directorate and portions of other NPS Directorates into a Naval Support Activity, without increase or decrease in total current resources.
5. **Naval Support Activity (NSA) Mission.** To support the mission of the NPS and all other area commands by providing superior administrative, quality of life and installations management.
6. **Impact of the Action.** NSA Monterey Bay will basically be comprised of the current Military Operations (base operations) department. Therefore, the personnel and EEO data below reflect the current data for this department.

- a. **Civilian Personnel:**

(1) Number of authorized Full Time Equivalency (FTE) ceilings as of 21 February 1996:

470

(Note: in addition, there are 276 Non-Appropriated Fund funded employees)

(2) Number of permanent on-board employees as of
 21 February 1996: 426

(3) Estimated annual total civilian salaries: \$14,058,143.34

(4) Number anticipated Reduction-in-Force (RIF) separations: 0

(5) Number anticipated attrition through 01 July 96: 0

(6) Number of employees to transfer to other activities within
 the area: 0

(7) Number of employees to transfer to other activities outside
 the area: 0

(8) Number of employees to be increased: 0

b. Military Personnel

(1) Number of authorized officer and enlisted billet allowance as of
 21 February 1996:

<u>UIC</u>	<u>Command Name</u>	Enlisted <u>Billets</u>	Officer <u>Billets</u>
62271	PG SCH Monterey, CA	62	21
	- all 62 enlisted billets will transfer to the NSA		
	- 17 of the 21 officer billets will transfer to the NSA		
42091	PG SCH Professional Training	21	59
	- all 21 enlisted billets will transfer to the NSA		
	- none of the officer billets will transfer to the NSA		
66288	NAVECH Monterey, CA	0	1
	- this billet will transfer to the NSA		
48619	PG SCH Monterey, CA FSC	0	1
	- this billet will transfer to the NSA		
TOTAL NPS BILLETS:		83	82
(For UICs 62271, 42091, 66288 and 48619)			
TOTAL TO TRANSFER FM NPS TO NSA:		83	19

(2) Number of on-board officer and enlisted billets which will transfer to NSA with estimated annual total salaries (as of 21 February 1996):

Officers: 19	Salaries: \$1,050,536.20
Enlisted: 105	Salaries: \$1,799,419.60

(Note: the number of enlisted on-board currently exceeds the number of billets allowed due to NPS authorized billet cuts from 91 to 83. Additionally, there is some overlap with members on separation leave, etc., while their replacements are on-board. These excess personnel will transfer to the NSA.)

(3) Number of officer and enlisted billets to be transferred to other activities within the area: 0

(4) Number of officer and enlisted billets to be transferred to other activities outside the area: 0

(5) Number of military end strength reductions: 0

(6) Number of military to be increased: 0

c. EEO Impact

(1) Total Number of Permanent Work Force:
(Includes non-appropriated funded employees)

Male/Female	Caucasian M/F	Black M/F	Hispanic M/F	Other M/F
470/276	295/133	50/46	36/12	89/85

d. Installation Data

(1) Land area (acres):

Main Station:	135.36
Beach Lab:	55.34
Golf Course/Lab area:	100.61
Annex:	22.25
La Mesa:	<u>300.62</u>
Total:	614.18

(2) Value of plant account: Buildings: \$254,000,000
Equipment:
 Plant Property: \$ 62,318,330
 Minor Property: \$ 36,466,390
Total: \$352,784,720

(3) Maintenance and operating costs by fiscal years:

FY95: \$14,400,000
FY96: \$15,000,000
FY97: \$15,500,000

(4) Estimated curtailment or acquisition costs, by fiscal year: None.

(5) Predominant type of building construction and whether permanent, semipermanent or temporary: Permanent.

(6) Property disposition or acquisition plans or procedures. NSA MB will become the "pink slip" holder for all Class I (real estate) and Class II (buildings, structures, utility systems, etc.) property. NPS will become a tenant of NSA MB. Minor property (furniture, ADP equipment, etc.) will be divided among host and tenants. Any current plans by NPS to dispose or acquire Class I or II property will remain largely unaffected.

(7) Occupied space under host-tenant agreements. NPS currently has Inter-service Support Agreement (ISAs) (Host-Tenant Agreements are pending) with the following organizations which occupy space in NPS buildings. Existing ISAs will be rewritten to reflect NSA MB as the host command.

<u>Organization</u>	<u>Building Square Feet</u>
Defense Investigative Service	3,500
Defense Resources Management Institute	22,512
Dental Clinic	4,500
Defense Printing Service	2,400
FNMOC	136,555
PSD	4,078
NEX	63,394
NCIS	1,000
NRL	32,037
ROICC Monterey	2,632
TRAC Monterey	4,660
SATO	280
U.S. Postal Service	1,200
DHRSC	1,529
IDEA	6,000
Public Health Service	375
Defense Security Assistance Agency	745

Note: Other ISAs where the other party does not occupy NPS-owned space include the Defense Financial and Accounting Services (DFAS), valued at \$725K, and three ISAs with the Presidio of Monterey, with a combined total value of \$14.6M.

(8) Leases.

(a) NPS currently is neither the lessee nor the lessor on any leases. Various out-grants have rent associated with them and have all the trappings of leases except for the name. For example, NPS (via Engineering Field Activity (EFA) West) issued a license permitting the California Highway Patrol (CHP) to occupy three housing units at the former Naval Facility at Pt. Sur. Total annual rent payments by the CHP are \$31,200. There are other terms and conditions of the license, but the rent is the only cash involved (this money does not come directly to the school but goes to special accounts in the Treasury Department, pursuant to Federal law).

(b) Similarly, NPS is currently a party to numerous in-grants. None of our current in-grants involve any cash payments, although there is a pending permit with the Monterey Airport District to allow us continued occupancy of the 7.611 acres of the NPS Golf Course that is actually Airport property. Whether this permit will ultimately require cash payments to the Airport District is to be determined.

(c) Bottom line is that the number of out-grants/in-grants total 50+ but only a handful involve cash payments. Most of the rest are utility easements issued long ago that do not require periodic renegotiation.

e. Funding. No change to costs are anticipated.

7. Assistance to Affected Civilians. N/A

8. Anticipated Congressional Interest. Possible, but not likely. No net gain or loss of resources is associated with the establishment of NSA MB.

9. Labor Organizations Affected. There are two labor organizations at NPS: The National Federation of Federal Employees (Local 1690) and the International Association of Firefighters (Local F-166). The union contracts will have to be modified to reflect the establishment of the NSA.

10. Administrative and Management Information Requirements:

a. Abbreviated Name of Activity: (Proposed) NAVSUPACT MONTEREY BAY CA

b. Mail Address: (Proposed) Commanding Officer
Naval Support Activity Monterey Bay
1 University Cir
Monterey, CA 93943-XXXX

c. Status of Activity: Active.

- d. Effective Date: 1 July 1996.
- e. Title of Military or Civilian Head of the Activity: (Proposed) Commanding Officer.
- f. Echelon of Command: (Proposed)
Superintendent, Naval Postgraduate School, Monterey, CA
Commanding Officer, Naval Support Activity Monterey Bay
- g. Unit Identification Code: To be provided.
- h. Area Coordination: (Proposed) Regional Area Coordinator - Superintendent, Naval Postgraduate School, Monterey, CA.

APPENDIX C. OP32 REPORT FROM FY98 CERTIFIED BUDGET

DEPARTMENT OF THE NAVY OP 32 EXHIBIT 29-Oct-98						
SINGLE UIC PRICE PROGRAM GROWTH			FY98 PGM TOTAL	FY99 PGM TOTAL	FY00 PGM TOTAL	FY01 PGM TOTAL
-----> CLAIMANT 11						
-> BUDGET ACTIVITY 3						
-> UIC: 63271 NAVPGSCOL						
->> SAC: TOTAL						

ICC	OCSOC	AIC	OBJECT_CODE_NAME	FY98 PGM TOTAL	FY99 PGM TOTAL	FY00 PGM TOTAL
0101	11.11	00	Full-time, Perma Pos.	23,124	21,723	20,497
0101	11.31	00	Other Positions	7344	8,013	8,256
0101	11.51	00	Other Per. Comp.	819	1,122	1,155
0101	12.11	00	Personnel Benefits	6,871	6,333	5,913
0101	11.11	00	Full-time, Perma Pos.	2,714	2,811	2,896
0103	11.31	00	Other Positions			
0103	11.51	00	Other Per. Comp.	195	20	20
0103	12.11	00	Personnel Benefits	608	638	658
0106	13.01	15	Benefits to Former Emp			
0107	13.01	00	Voluntary Sep & Inc Pay	422		
0111	12.11	00	Dutyday Compensation	421	449	461
->> GROUP TOTALS FOR ICC 01XX				42,525	41,109	39,876
->> GROUP TOTALS FOR ICC 02XX						39,922
0301	21.01	00	Per Diem			
0302	21.01	00	Other Travel Costs			
->> TRAVEL GROUP TOTALS FOR ICC 03XX				813	908	923
0401	26.01	08	D Fuel Other Distillates	13	10	10
0401	26.01	S4	D Fuel Other Distillates			
0401	26.01	V4	D Fuel M/V Unleaded	27	17	17
0412	26.01	21	Navy Managed Stk Fund	195	203	206
0416	26.01	25	GSA Managed Stk Fund	8	11	11
->> GROUP TOTALS FOR ICC 04XX				245	241	244
0503	31.01	21	Navy Managed Stk Fund	16	19	19
0507	31.01	25	GSA Managed Stk Fund	1	8	8
->> GROUP TOTALS FOR ICC 05XX				17	27	27
0614	25.22	L1	Naval Chap C&OSC	203	206	209
0633	24.01	44	Naval Publ & Print. Svc.	344	363	268
0673	25.02	00	DPAS			
->> GROUP TOTALS FOR ICC 06XX				547	469	477
0761	22.01	00	Other Transportation	162	65	66
->> GROUP TOTALS FOR ICC 07XX				162	65	65
0913	23.31	00	Purch. Util. (Non-SF)	1,531	1,879	1,909
0914	23.32	00	Purch. Commt. (Non-SF)	1,063	905	919
0915	23.21	00	Recall	328	39	40
0916	23.04	00	Disability Compensation	160	162	168
0920	26.01	00	Suppl. & Mat. (Non-SF)	2,440	1,844	1,873
0921	24.10	00	Prostag & Reproduction			
0922	25.03	00	Equip. Maint. by Contract	839	1,292	1,312
0923	25.03	00	Facil. Maint. by Contract	2,642	3,405	3,466
0925	31.01	00	Equip. Purch. (Non-SF)	2,778	6,139	7,475
0945	92.01	00	DOD COUNTERDRUG ACT.			
0969	25.03	00	Other Contracts	7,269	5,259	7,373
0998	93.01	00	Other Costs: Civics	19,050	25,448	29,596
->> GROUP TOTALS FOR ICC 09XX				63,357	68,267	71,209
->> SAC TOTALS FOR UIC 63271						65,962

SINGLE UIC
PRICE PROGRAM GROWTH

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>> CLAIMANT II
>> BUDGET ACTIVITY 3
>> UIC: 62271 NAVPGSCOL
>> SAG: 3K PROFESSIONAL DEVELOPMENT

ICC	OCSOC	AIC	OBJECT_CODE_NAME	FY98 PGM	FY99 PGM	FY00 PGM	FY01 PGM
				TOTAL	TOTAL	TOTAL	TOTAL
0101	11.11	00	Full-time, Perm. Pos.	17,536	15,730	14,485	14,273
0101	11.31	00	Other Positions	6,903	8,013	8,256	8,472
0101	11.51	00	Other Pers. Comp.	413	583	600	618
0101	12.11	00	Personnel Benefits	5,403	4,871	4,476	4,450
0103	11.11	00	Full-time, Perm. Pos.	401	463	477	489
0103	11.31	00	Other Positions				
0103	11.51	00	Other Pers. Comp.	22	5	5	5
0103	12.11	00	Personnel Benefits	94	116	120	124
0107	13.01	00	Voluntary Sep & Inc Pay	43			
>> GROUP TOTALS FOR ICC 01XX				30,920	29,781	28,419	28,431
0301	21.01	00	Per Diem				
0302	21.01	00	Other Travel Costs				
>> TRAVEL GROUP TOTALS FOR ICC 03XX				772	851	865	881
0401	26.01	08	D Fuel Other Distillates	4			
0401	26.01	S8	D Fuel Other Distillates				
0401	26.01	V4	D Fuel MV Unleaded				
0412	26.01	21	Navy Managed Stk Fund	177	180	183	186
0416	26.01	25	GSA Managed Stk Fund				
>> GROUP TOTALS FOR ICC 04XX				181	180	183	186
0503	31.01	21	Navy Managed Stk Fund	16	16	16	16
0507	31.01	25	GSA Managed Stk Fund				
>> GROUP TOTALS FOR ICC 05XX				16	16	16	16
0614	25.22	L1	Naval Cmd C&OSC	203	206	209	213
0633	24.01	44	Naval Pubs & Print. Svc.	318	231	235	239
0673	25.02	00	DFAS				
>> GROUP TOTALS FOR ICC ICC 06XX				521	437	444	452
15							
0761	22.01	00	Other Transportation	135	36	37	38
>> GROUP TOTALS FOR ICC ICC 07XX				135	36	37	38
0913	23.31	00	Purch. Util. (Non-SF)				
0914	23.32	00	Purch. Comm. (Non-SF)				
0915	23.21	00	Rents	285	2	2	2
0917	25.04	00	Portal				
0920	26.01	00	Suppl. & Mat. (Non-SF)	1,524	1,002	1,018	1,036
0921	24.10	00	Printing & Reproduction				
0922	25.03	00	Equip. Maint. by Contract	836	1,265	1,285	1,308
0923	25.03	00	Facil. Maint. by Contract				
0925	31.01	00	Equip. Purch. (Non-SF)	2,745	7,249	6,570	7,324
0985	92.01	00	DOD COUNTERDRUG ACT.				
0989	25.03	00	Other Contracts	5,012	2,248	4,637	2,553
0998	93.01	00	Other Costs : Civics		2,524	2,564	2,610
>> GROUP TOTALS FOR ICC 09XX				10,402	14,290	16,076	14,833
**> SAG TOTALS FOR UIC 62271				42,847	45,591	46,040	44,837

SINGLE UIC
PRICE PROGRAM GROWTH

=> CLAIMANT II
=> BUDGET ACTIVITY 3
=> UIC: 62271 NAVPGSCOL

=> SAG: 5K OBOS

ICC OCSOC AIC OBJECT_CODE_NAME

			FY93 PGM TOTAL	FY99 PGM TOTAL	FY00 PGM TOTAL	FY01 PGM TOTAL
0101	11.11 00	Full-time, Perm. Pos.	5,177	5,890	5,906	5,838
0101	11.31 00	Other Positions	441			
0101	11.51 00	Other Pers. Comp.	382	539	555	592
0101	12.11 00	Personnel Benefits	1,382	1,441	1,436	1,410
0103	11.11 00	Full-time, Perm. Pos.	340	593	611	627
0103	11.31 00	Other Positions				
0103	11.51 00	Other Pers. Comp.	62			
0103	12.11 00	Personnel Benefits	78	142	146	149
0106	13.01 15	Benefits to Former Emp				
0107	13.01 00	Voluntary Sep & Inc Pay	279			
0111	12.11 00	Disability Compensation	423	449	461	473

==> GROUP TOTALS FOR ICC 01XX

			8,569	9,054	9,115	9,089
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0301	21.01 00	Per Diem				
0302	21.01 00	Other Travel Costs				

==> TRAVEL GROUP TOTALS FOR ICC 03XX

			41	57	58	59
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0401	26.01 08	D Fuel Other Distillates	7	10	10	10
0401	26.01 58	D Fuel Other Distillates				
0401	26.01 V4	D Fuel M/V Unleaded	27	17	17	17
0412	26.01 21	Navy Managed Sfk Fund	8	13	13	13
0416	26.01 25	GSA Managed Sfk Fund	8	11	11	11

==> GROUP TOTALS FOR ICC 04XX

			50	51	51	51
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0503	31.01 21	Navy Managed Sfk Fund		3	3	3
0507	31.01 25	GSA Managed Sfk Fund	1	8	8	8

==> GROUP TOTALS FOR ICC 05XX

			1	11	11	11
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0614	25.32 L1	Naval Cmd & OSC				
0633	24.01 44	Naval Pubs & Print. Svc.	26	32	33	34
0673	25.02 00	DFAS				

==> GROUP TOTALS FOR ICC 06XX

			26	32	33	34
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0761	22.01 00	Other Transportation	27	29	29	30
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==> GROUP TOTALS FOR ICC 07XX

			27	29	29	30
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0913	23.31 00	Purch. Util. (Non-SF)	1,531	1,879	1,909	1,943
0914	23.32 00	Purch. Comm. (Non-SF)	1,063	905	919	936
0915	23.21 00	Rents	42	37	38	39
0917	23.04 00	Postal	160	162	165	168
0920	26.01 00	Suppl. & Mat. (Non-SF)	443	379	385	392
0921	24.10 00	Printing & Reproduction				
0922	25.03 00	Equip. Maint. by Contract	2	27	27	27
0923	25.03 00	Facil. Maint. by Contract	66	101	103	105
0925	31.01 00	Equip. Purch. (Non-SF)	31	854	868	884
0985	92.01 00	DOD COUNTERDRUG ACT.				
0989	25.03 00	Other Contracts	2,237	3,006	3,231	2,912

==> GROUP TOTALS FOR ICC 09XX

			5,595	7,350	7,645	7,406
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==> SAG TOTALS FOR UIC 62271

			14,309	16,584	16,942	16,680
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SINGLE UIC
PRICE PROGRAM GROWTH

~> CLAIMANT II

~> BUDGET ACTIVITY 3

~> UIC: 62271 NAVPGSCOL

~> SAG: 5K OBOSNSAMB

ICC	OCSOC	AIC	OBJECT_CODE_NAME	FY98 PGM TOTAL	FY99 PGM TOTAL	FY00 PGM TOTAL	FY01 PGM TOTAL
0101	11.11	00	Full-time, Perm. Pos.	3,777	4,447	4,420	4,314
0101	11.31	00	Other Positions	203			
0101	11.51	00	Other Pers. Comp.	349	419	431	464
0101	12.11	00	Personnel Benefits	1,037	1,037	1,018	981
0103	11.11	00	Full-time, Perm. Pos.	340	593	611	627
0103	11.31	00	Other Positions	62			
0103	11.51	00	Other Pers. Comp.	78	142	146	149
0106	13.01	15	Benefits to Former Emp				
0107	13.01	00	Voluntary Sep & Inc Pay	279			
0111	12.11	00	Disability Compensation				
==> GROUP TOTALS FOR ICC 01XX				6,125	6,628	6,626	6,535
0301	21.01	00	Per Diem				
0302	21.01	00	Other Travel Costs				
==> TRAVEL GROUP TOTALS FOR ICC 03XX				37	57	58	59
0401	26.01	08	D Fuel Other Distillates	7	10	10	10
0401	26.01	58	D Fuel Other Distillates				
0401	26.01	V4	D Fuel MV Unleaded	27	17	17	17
0412	26.01	21	Navy Managed Sfk Fund		5	5	5
0416	26.01	25	GSA Managed Sfk Fund		3	3	3
==> GROUP TOTALS FOR ICC 04XX				34	35	35	35
0503	31.01	21	Navy Managed Sfk Fund		3	3	3
0507	31.01	25	GSA Managed Sfk Fund	1	8	8	8
==> GROUP TOTALS FOR ICC 05XX				1	11	11	11
0614	25.22	L1	Naval Cmd C&OSC				
0633	24.01	44	Naval Pubs & Print Svc.	26	32	33	34
0673	25.02	00	DFAS				
==> GROUP TOTALS FOR ICC 06XX				26	32	33	34
15	22.01	00	Other Transportation	27	24	24	25
0761	22.01	00	Other Transportation				
==> GROUP TOTALS FOR ICC 07XX				27	24	24	25
0913	23.31	00	Purch. Util. (Non-SF)	1,531	1,879	1,909	1,943
0914	23.32	00	Purch. Comm. (Non-SF)	1,063	905	919	936
0915	23.21	00	Rents	42	37	38	39
0917	25.04	00	Postal	160	162	165	168
0920	26.01	00	Suppl. & Mat. (Non-SF)	424	277	281	286
0921	24.10	00	Printing & Reproduction				
0922	25.03	00	Equip. Maint. by Contract	1	22	22	22
0923	25.03	00	Facil. Maint. by Contract	66	101	103	105
0925	31.01	00	Equip. Purch. (Non-SF)	30	803	816	831
0985	92.01	00	DOD COUNTERDRUG ACT.	2,127	2,780	3,020	3,711
0989	25.03	00	Other Contracts				
==> GROUP TOTALS FOR ICC 09XX				5,444	6,966	7,273	7,041
==> SAG TOTALS FOR UIC 62271				11,694	13,753	14,060	13,740

SINGLE UIC
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=> CLAIMANT II

==> BUDGET ACTIVITY 3

==> UIC: 62271 NAVPGSCOL

==> SAG: 5K OQUOS/NPS

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=> ICC OCSOC AIC OBJECT_CODE_NAME

			FY98 PGM	FY99 PGM	FY00 PGM	FY01 PGM
			TOTAL	TOTAL	TOTAL	TOTAL
0101	11.11 00	Full-time, Perm. Pos.	1,400	1,443	1,486	1,524
0101	11.31 00	Other Positions	238			
0101	11.51 00	Other Pers. Comp.	33	120	124	128
0101	12.11 00	Personnel Benefits	345	414	418	429
0103	11.11 00	Full-time, Perm. Pos.				
0103	11.31 00	Other Positions				
0103	11.51 00	Other Pers. Comp.				
0103	12.11 00	Personnel Benefits				
0107	13.01 00	Voluntary Sep & Inc Pay				
0111	12.11 00	Disability Compensation	428	449	461	473

==> GROUP TOTALS FOR ICC 01XX

0301	21.01 00	Per Diem	
0302	21.01 00	Other Travel Costs	

==> TRAVEL GROUP TOTALS FOR ICC 03XX

0401	26.01 08	D Fuel Other Distillates	
0401	26.01 58	D Fuel Other Distillates	
0401	26.01 V4	D Fuel M/V Unleaded	
0412	26.01 21	Navy Managed Stk Fund	8
0416	26.01 25	GSA Managed Stk Fund	8

==> GROUP TOTALS FOR ICC 04XX

0503	31.01 21	Navy Managed Stk Fund	
0507	31.01 25	GSA Managed Stk Fund	

==> GROUP TOTALS FOR ICC 05XX

0614	25.22 L1	Naval Cmd C&OSC	
0633	24.01 44	Naval Pubs & Print. Svc.	
0673	25.02 00	DFAS	

==> GROUP TOTALS FOR ICC 06XX

0761	22.01 00	Other Transportation	5

==> GROUP TOTALS FOR ICC 07XX

			FY98 19	FY99 102	FY00 104	FY01 106
0913	23.31 00	Purch. Util. (Non-SF)				
0914	23.32 00	Purch. Comm. (Non-SF)				
0915	23.21 00	Rents				
0917	25.04 00	Postal				
0920	26.01 00	Suppl. & Mat. (Non-SF)	19	102	104	106
0921	24.10 00	Printing & Reproduction	1	5	5	5
0922	25.03 00	Equip. Maint. by Contract				
0923	25.03 00	Facil. Maint. by Contract				
0925	31.01 00	Equip. Purch. (Non-SF)	1	51	52	53
0985	92.01 00	DOD COUNTERDRUG ACT.	130	226	211	201
0989	25.03 00	Other Contracts				

==> GROUP TOTALS FOR ICC 09XX

			FY98 151	FY99 384	FY00 372	FY01 365

==> SAG TOTALS FOR UIC 62271

			FY98 2,615	FY99 2,831	FY00 2,421	FY01 2,467

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--> CLAIMANT 11

--> BUDGET ACTIVITY 3

--> UIC: 62271 NAVPGSCOL

--> SAG: 6K REAL PROPERTY MAINTENANCE

ICC	OCSOC	AIC	OBJECT_CODE_NAME	FY98 PGM TOTAL	FY99 PGM TOTAL	FY00 PGM TOTAL	FY01 PGM TOTAL
0101	11.11	00	Full-time, Perm. Pos.	411	103	106	109
0101	11.31	00	Other Positions				
0101	11.51	01	Other Pers. Comp.	19			
0101	12.11	00	Personnel Benefits	86	21	21	21
0103	11.11	00	Full-time, Perm. Pos.	1,973	1,755	1,808	1,855
0103	11.31	00	Other Positions				
0103	11.51	01	Other Pers. Comp.	111	15	15	15
0103	12.11	00	Personnel Benefits	436	350	392	402
0107	13.01	00	Voluntary Sep & Inc Pay	100			

--> GROUP TOTALS FOR ICC 01XX

0301	21.01	00	Per Diem	
0302	21.01	00	Other Travel Costs	

--> TRAVEL GROUP TOTALS FOR ICC 03XX

0401	26.01	08	D Fuel Other Distillates	2
0401	26.01	S8	D Fuel Other Distillates	
0401	26.01	V4	D Fuel M/V Unloaded	
0412	26.01	21	Navy Managed Stk Fund	10
0416	26.01	25	GSA Managed Stk Fund	

--> GROUP TOTALS FOR ICC 04XX

0503	31.01	21	Navy Managed Stk Fund	
0507	31.01	25	GSA Managed Stk Fund	

--> GROUP TOTALS FOR ICC 05XX

0614	25.22	L1	Naval Cmd C&OSC	
0633	24.01	44	Naval Pubs & Print. Svc.	
0673	23.02	00	DFAS	

--> GROUP TOTALS FOR ICC 06XX

0761	22.01	00	Other Transportation	15
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--> GROUP TOTALS FOR ICC 07XX

0913	23.31	00	Purch. Util. (Non-SF)	
0914	23.32	00	Purch. Comm. (Non-SF)	
0915	23.21	00	Rent	1
0917	25.04	00	Postal	
0920	26.01	00	Suppl. & Mat. (Non-SF)	473
0921	24.10	00	Printing & Reproduction	
0922	25.03	00	Equip. Maint. by Contract	1
0923	25.03	00	Facil. Maint. by Contract	2,576
0925	31.01	00	Equip. Purch. (Non-SF)	2
0985	92.01	00	DOD COUNTERDRUG ACT.	
0989	25.03	00	Other Contracts	

--> GROUP TOTALS FOR ICC 09XX

			3,053	1,808	5,875	2,033
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--> SAG TOTALS FOR UIC 62271

APPENDIX D. NAVY CONCENTRATION AREAS



CURRENT STATUS OF REGIONALIZATION

<u>Navy Concentration Area</u>	<u>Projected Annual Savings</u>	<u>Current Status</u>
San Diego	\$40M	Analysis complete: PACFLT implementation in progress Consolidating 10 hosts with regional base operating support (BOS) service delivery
Hampton Roads	\$83M	Analysis complete: LANTFLT implementation in progress. Consolidating 11 hosts with regional BOS service delivery
Pearl Harbor	\$18M	Analysis complete: PACFLT implementation in progress. Consolidating 8 hosts with regional BOS service delivery
Pensacola	\$15M	Analysis Complete: CNET implementation in progress Consolidating 4 hosts with regional BOS service delivery
Pacific NW	TBD	Analysis in Progress
Jacksonville	TBD	Analysis in Progress
Washington D.C.	TBD	Analysis in Progress with N464 support
Guam	TBD	PACFLT regionalizing as part of A-76 competition. Consolidating COMNAVMARIANAS and NAVACTS Guam, regionalizing BOS functions
Japan	TBD	Analysis in progress with N464 support
Port Hueneme	TBD	Analysis in Progress: some function being implemented
New Orleans	TBD	Analysis in progress with N464 support
South Texas	TBD	Analysis in progress with N464 support
New England	TBD	Analysis in progress with N464 support

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